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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-5504-N4]

Medicare Program; Bundled Payments for Care Improvement Models 2, 3, and 4 2014 Winter Open Period

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces an open period for additional organizations to be considered for participation in Models 2, 3, and 4 of the Bundled Payments for Care Improvement initiative.

DATES: Submission Deadline: Models 2, 3, and 4 Open Period intake forms must be submitted by April 18, 2014.

ADDRESSES: Interested organizations must submit their Models 2, 3, and 4 Open Period intake forms via email at BundledPayments@cms.hhs.gov. All forms must be in a searchable word or PDF format.

FOR FURTHER INFORMATION CONTACT:

For questions regarding Models 2, 3, and 4 of the Bundled Payments for Care Improvement initiative send an email to BundledPayments@cms.hhs.gov. For additional information on this initiative go to the CMS Center for Medicare and Medicaid Innovation (Innovation Center) Web site at <http://innovation.cms.gov/initiatives/Bundled-Payments/Models2-4OpenPeriod.html>.

SUPPLEMENTARY INFORMATION:**I. Background**

Section 1115A of the Social Security Act (the Act), as added by section 3021 of the Affordable Care Act, authorized the Center for Medicare and Medicaid Innovation to test innovative payment and service delivery models that reduce spending under Medicare, Medicaid, or CHIP, while preserving or enhancing the quality of care.

Consistent with that authority, we seek to achieve the following goals:

- Improve care coordination, beneficiary experience, and accountability in a person-centered manner.
- Support and encourage providers that are interested in continuously reengineering care to deliver better care and better health at lower costs through continuous improvement.
- Create a cycle that leads to continually decreasing the cost of an acute or chronic episode of care while fostering quality improvement.
- Develop and test payment models that create extended accountability for better care, better health at lower costs for the full range of health care services.
- Shorten the cycle time for adoption of evidence-based care.
- Create environments that stimulate rapid development of new evidence-based knowledge.

We are committed to achieving better health, better care, and lower costs through continuous improvement for Medicare, Medicaid and Children's Health Insurance Program (CHIP) beneficiaries. Beneficiaries can experience improved health outcomes and encounters in the health care system when providers work in a coordinated and

person-centered manner. To this end, we are interested in partnering with providers that are working to redesign care to meet these goals. Payment approaches that reward providers that assume payment accountability for a particular "episode" of care are potential mechanisms for developing these partnerships.

The Innovation Center is testing four episode payment models through the Bundled Payments for Care Improvement initiative. The current participants in the initiative were selected following a review of the applications submitted in response to a Request for Application, <http://innovation.cms.gov/Files/x/Bundled-Payment-Request-for-Application.pdf> released by the Innovation Center in August 2011. On January 31, 2013, the first set of BPCI Phase 1 participants were announced. Phase 2 began either on October 1, 2013 or January 1, 2014 for Awardees that have entered into Model 2 Awardee Agreements with CMS, at which point Awardees began the risk-bearing phase for some or all of their episodes. The complete transition of all episodes for all episode initiators to Phase 2 will be completed by October 2014. During the transition period, Awardees may transition episodes and/or Episode Initiators that have remained in Phase 1 to Phase 2 on a quarterly basis.

We began testing Model 1 of the initiative in April 2013. Model 1 is a retrospective payment model for the acute inpatient hospital stay. In the May 17, 2013 **Federal Register** (78 FR 29139), we published a notice announcing an open period for additional organizations to be considered for participation in Model 1 of the initiative.

Phase 2 of Models 2 through 4 began testing in October 2013. Models 2, 3, and 4 are described as follows:

- Model 2--Retrospective bundled payment models for hospitals, physicians, and post-acute providers for an episode of care consisting of an inpatient hospital stay followed by post-acute care.
- Model 3--Retrospective bundled payment models for post-acute care where the episode does not include the acute inpatient hospital stay.
- Model 4-- Prospectively administered bundled payment models for the acute inpatient hospital stay and related readmissions.

II. Provisions of the Notice

To help us achieve the implementation goals noted previously, the Innovation Center is announcing a 2014 winter open period for additional organizations to be considered for participation in Models 2, 3, and 4 of the initiative. We believe that increasing the number of Awardees and the types of episodes being tested would result in an even more robust data set and improve our evaluation of the models. Interested organizations must submit Model 2, 3 or 4 Open Period forms as specified in the "DATES" and "ADDRESSES" sections of this notice. Organizations may participate in more than one model. Organizations who are interested in participating in more than one model should submit a request to participate in each model using separate Open Period forms. Interested organizations can find information about the intake process, eligible organizations and providers, and model requirements on the Innovation Center Web site as specified in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

We will review the submitted intake forms and evaluate organizations for participation in Models 2, 3, and 4. We expect to offer Model 2, 3, or 4 participation

agreements to those organizations that demonstrate their fitness for participation in the applicable Model. For information on the screening process go to the CMS Center for Medicare and Medicaid Innovation Web site as specified at:

<http://innovation.cms.gov/initiatives/Bundled-Payments/Models2-4OpenPeriod.html>

III. Collection of Information Requirements

Section 1115A(d) of the Act waives the requirements of the Paperwork Reduction Act of 1995 for purposes of testing and evaluation of new models or expansion of such models under section 1115A of the Act.

CMS-5504-N4

Authority: Section 1115A of the Social Security Act (42 U.S.C. 1315a)

(Catalog of Federal Domestic Assistance No. 93.773 Medicare--Hospital Insurance Program; and No. 93.774, Medicare—Hospital Insurance Program; and No. 93.774, Medicare Supplementary Medical Insurance Program).

Dated: February 10, 2014.

Marilyn Tavenner,

Administrator,

Centers for Medicare & Medicaid Services.

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